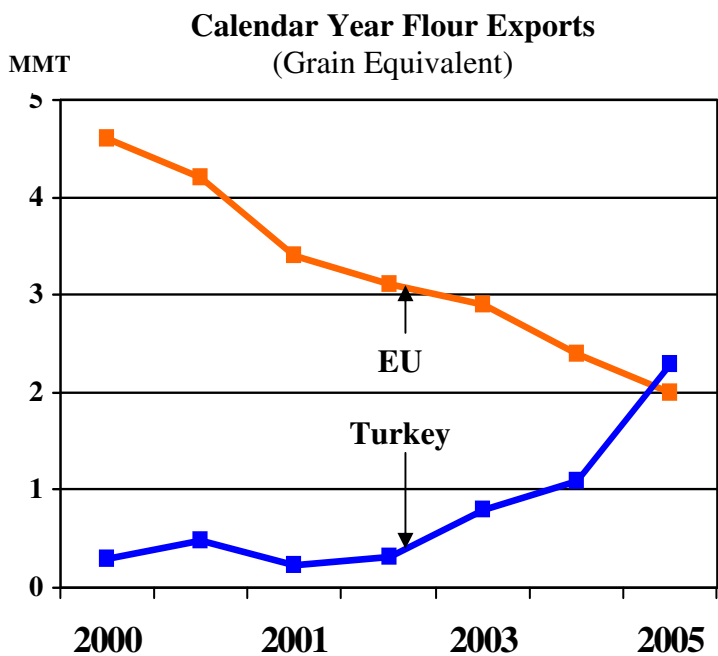
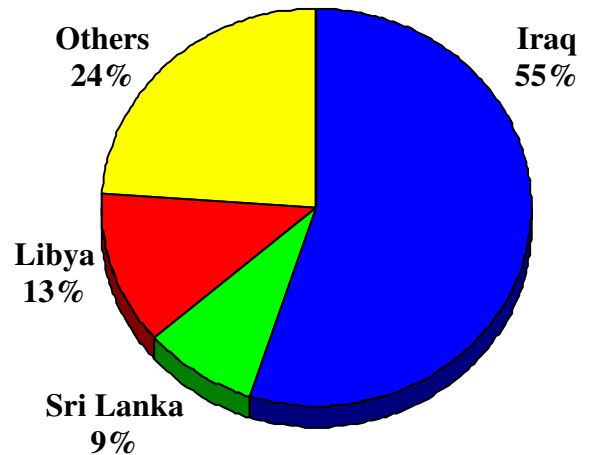

WHEAT: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

Turkey Displaces EU as the World's Largest Flour Exporter: Turkish flour exports have soared in the past year. Iraq emerged as a key flour market following delays in purchases and tenders of wheat. With logistical advantages due to its proximity, Turkey is the natural supplier. Furthermore, a very good quality Turkish crop improved flour quality, making it more attractive on the world market. Meanwhile, EU flour exports have continued their steady decline despite subsidies this year. Many traditional EU markets have continued to increase domestic milling, and competition from the Middle East has strengthened, particularly in Libya.



Iraq Accounts for Over Half of Turkey's Exports
(2005 CY)

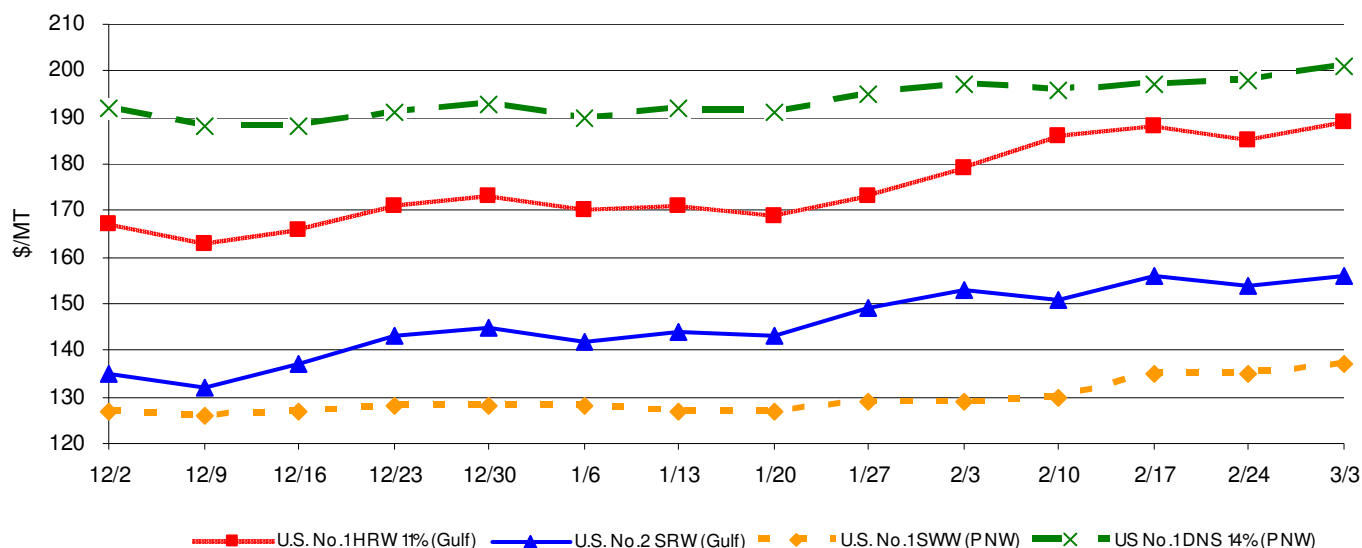


PRICES:

Domestic: Prices rose for all wheat classes in February, driven largely by deteriorating conditions in the Hard Red Winter crop. Dryness has continued, especially in the southern portions of the HRW belt, and this has heightened fears of a sharply reduced new crop.

For the month, HRW prices climbed \$10 per ton, with Soft White up \$8 per ton, HRS up \$4 per ton, and SRW up \$3 per ton.

U.S. Weekly FOB Export Bids



TRADE CHANGES IN 2005/2006

Selected Exporters

- **Canada** is down 500,000 tons to 16.0 million with sluggish exports, especially spring wheat, during the first half of the trade year.
- **Brazil** is up 200,000 tons to 600,000. Even though domestic prices are strong and uncompetitive internationally, government support for exports has facilitated increased shipments of low quality wheat.
- **Syria** is down 100,000 tons to 600,000 on slower than expected sales to date.
- **Turkey** is up 500,000 tons to 2.5 million as flour exports continue very strong.
- **Romania** is down 150,000 tons to 350,000. Little has been exported since August, when there were large shipments to the European Union under its preferential quota.

Selected Importers

- **India** is down by half to 500,000 tons. With the harvest commencing, additional purchases are not expected in the next few months.
- **Iran** is up 300,000 tons to 500,000 on recent purchases.
- **Iraq** is up 500,000 tons to a record 4.3 million tons due to continued purchases after strong early-season imports.

-
- **Romania** is down 150,000 tons to 150,000 with very slow imports to date.
 - **Turkey** is down 300,000 tons to 200,000, a 14-year low. A good quality crop has reduced the need for imported wheat for blending.